

# SUCCESS SERIES



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## THE ART OF NEGOTIATION

Management development is a priority for most organizations. This course is targeted for supervisors, managers, and leaders who need practical skills so they can manage people most effectively.

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## 1. Negotiation an Everyday Process

Chances are you probably negotiate deals everyday without even realizing it. From something as simple as deciding where to go out for dinner with your wife, to something as complex as reaching an agreement with an adversarial co-worker, the art of negotiation is one of the most important skills that we can acquire in navigating our way through life.

Those who learn the fundamental secrets of the negotiation process will unlock a powerful tool in business and other important areas of life. Those who do not will find themselves consistently taken advantage of.

### Something for nothing?

Unfortunately, negotiation has taken on a largely negative connotation in our society. To some it means either trying to get something for nothing or trying to exploit the weaknesses of others. But if handled properly, negotiation can truly be a process which brings satisfaction to both sides, meaning that each have their basic needs and interests fulfilled.

Negotiation can be useful in the following areas:

- Taking care of customer complaints
- Employee satisfaction
- Closing business deals or sales contracts
- Establishing goals and objectives
- Solving relationship difficulties

And countless other situations.

### What is Negotiation?

Human beings by their very nature tend to disagree with one another. Sometimes those disagreements are no big deal. But at other times they can lead to stalemates which block progress on important matters. Agreement must be reached in order to move forward. Negotiation is the process by which two parties overcome contrasting positions to reach that agreement.

Negotiation can tilt the balance in favor of one side, meeting one party's needs more than the other's. Or it can be mutually beneficial to both sides, allowing all basic needs to be met at the same time.

### Competitive vs. Win-Win

There are basically two types of negotiation:

- *Adversarial* negotiation takes place when each side competes to gain an advantage for its own interests. There is a definite winner and a definite loser. Most legal cases are adversarial in nature.

- *Cooperative* negotiation takes place when both sides work together to achieve a mutual satisfaction. Both sides win, and negotiation becomes a collaboration instead of a competition.

These two types of negotiation are played out everyday in all kind of daily real life situations.

### **Satisfaction Guaranteed!**

*Satisfaction* can only take place when each side's needs have been fulfilled. Both parties can only walk away from a negotiation feeling successful if they are convinced their basic needs have been satisfied. This does not necessarily mean that others may believe that the party negotiated a "good deal". But the party itself does have to believe it or there is no successful negotiation.

Often a party will talk themselves into feeling satisfied, even if very few of their apparent needs are met. In that case, their true basic needs simply were not what they thought.

### **Wants and Needs**

We have defined negotiation as the process which overcomes conflicting positions to reach agreement. But where do those positions come from, and are they always satisfied? A party's position usually defines their agenda of *wants and desires*, not necessarily their *needs*. The process of negotiation chips away at both parties' wants in order to satisfy as many needs as possible.

The successful negotiator discerns the other party's needs without being sidetracked by their position. A prime example would be for a house hunter to chip away at a seller's asking price to learn their true selling price.

While the true motivation for negotiation is satisfaction of our basic needs, those needs don't always surface in tangible or material ways. Sometimes motivating factors are not quite so obvious. Some examples include:

- Pride: how we come across to others may mean more to us than material gain.
- Control: the feeling that others will do what we want them to.
- Time: getting it accomplished now is the most important factor.
- Fear: we are afraid of what will happen if agreement is not reached
- Fairness: we desire a justifiable conclusion to a matter.

Have you ever experienced these motivating factors?

### **The Bottom Line**

Let's use a house hunting example to illustrate how positions can differ from needs.

Charlie is a homeowner who wants to move to a more affluent part of town. He decides to put his current house on the market for \$150,000. He really needs to sell it for \$130,000 to profit enough to pay off the existing mortgage and have enough left over

to put down on a new house in a really swell neighborhood. What is Charlie's position and what are his real needs?

Charlie's *position* is the asking price of \$150,000. That's the price he would really like to get if he could. But his real *need* is \$130,000, the lowest price he could accept and still be able move into a better part of town.

Enter Phyllis. Phyllis is renting a small apartment and needs more space for her stuff. She has determined that the house she wants in the neighborhood she wants would cost her about \$130,000. But although Phyllis could afford the \$130,000, she would naturally like to spend around \$110,000. What is Phyllis' position, and what is her need?

Phyllis' *position* is her offering price of \$110,000. That's the price she would like to pay if she could. But her real need is to get into a bigger house, and she may have to pay \$130,000 to accomplish that. It is the process of negotiation that could very well bring Charlie and Phyllis together. They both have conflicting positions, but there is obviously a price that they could negotiate which would bring satisfaction of the basic needs to both parties.

Remember that negotiation is the process that overcomes conflicting positions to reach an agreement.

### **Search For the Need**

Keep in mind that the truly discerning negotiator will search for the other party's need, without being sidetracked by their position. Both Charlie and Phyllis would fail to fulfill their own needs by satisfying the other's position. In other words, the complete satisfaction of one position negates the fulfillment of the other's apparent need.

It is vital for the successful negotiator to be able to determine the other party's true needs. But it is equally important for them to fully understand their own needs. Failure to do this is a perfect recipe for failure.

Negotiations like the one between Charlie and Phyllis take place everyday all over the world. In fact, negotiations take place when we do not even realize it, between teens and parents, employers and employees, friends and neighbors. Most of these situations involve minor events in our lives. Knowing the basic principles of sound negotiation can help foster fairness and reconciliation even in these mundane matters.

But occasionally we may find ourselves without warning in truly vital situations where knowing the fundamentals of sound negotiating may mean survival in a business or relationship. If that happened today, would you be ready?

### **By Way of Review:**

- Human beings by their very nature are in constant disagreement, often in small matters, but occasionally in vital situations.
- In these situations, every party has a *position*, or a stated set of desires, and a *motivation*, or a set of basic needs.

- Negotiation is the process which overcomes conflicting positions in order to reach agreement.
- This agreement will satisfy the basic needs of both parties.
- Negotiations can either be adversarial or cooperative in nature.
- The savvy negotiator will have the ability to focus on the other party's needs, without being sidetracked by their position.

In the following chapters we will explore principles that will equip you to be a wise negotiator. You will find that these principles will hold true in every area of your life. Our discussion will include:

- Developing a mindset for negotiation
- How to prepare for successful negotiations
- The difference in tactics between cooperative and adversarial negotiations
- How to deal with common negotiation tactics
- Making the process work for you

By the end of this course you will have learned the skills necessary to satisfy your own needs and the needs of others, without being taken advantage of.

## **2. A Mindset for Negotiation**

We saw in chapter one that most people are involved in negotiation on a daily basis, usually without even realizing it. But that does not necessarily mean that all of us are prepared to negotiate effectively. And while the negotiation process may come easier to some than to others, everyone certainly can learn the fundamental principles of the process. Like most other things in life, it just takes the proper training, and perhaps more important, the proper mindset.

This chapter will lay the groundwork for success as we take you through the steps of preparing your mind for negotiation.

Most people do not enter the realm of negotiation with a great deal of confidence. They believe the formal process itself is reserved for experts who can have a high command of facts, stiff arm any competition, and persuade others to compromise their point of view.

And many simply do not have the patience to see the process through to an end which is satisfactory to both sides. There are certain key traits that characterize the successful negotiator, traits that all of us can acquire with a little work. Let's take a look at some of those key traits.

### **Key Trait # 1**

You are a Good Listener

Developing good listening skills is absolutely mandatory if you want to be an effective negotiator. In most cases, if you listen well, people will volunteer all of the information you need to discern their basic needs, often without even realizing it.

Here are some helpful tips to develop good listening skills:

- Talk only about 30% of the time, listen the remainder of the time.
- Don't interrupt; listen to the other person's full explanation.
- Ask leading questions geared toward information you need.
- Show genuine interest and give non-verbal feedback.
- Acknowledge their input and thank them.

### **Key Trait # 2**

You are Assertive

Effective negotiators are never afraid to look after their own interests, while still maintaining a healthy regard for the interests of the other party. And they are quick to say no when they feel their basic interests are being threatened. They are persistent in asking for any concession that they feel would benefit their side.

Also, strong negotiators never hesitate to challenge the legitimacy of the other party's position. They have the courage and savvy to move the other side back toward the satisfaction of their basic needs only.

### **Key Trait # 3**

#### **You Must Be a Risk Taker**

Negotiation does, at times, involve taking some calculated risks. It is nearly impossible to determine how some people may react to a proposal or a rejection. In order to guard your basic needs, you may have to ask pointed questions, deliver ultimatums, or simply stand firm, knowing that the other party may get angry, or even walk away.

You may even have to risk looking silly to secure a successful negotiation. Sometimes the best proposals or points of agreement are struck when the originator of the idea themselves thought the idea was ridiculous.

### **Key Trait # 4**

#### **You Must Be A Problem Solver**

One of the most difficult challenges of negotiation is to forget personalities and concentrate on the problem at hand. You will encounter all different kinds of people in negotiation, those you love, those you despise, those you feel indifferent to. The key is to focus on a resolution of issues that will meet basic needs.

While this principle requires you to forget your prejudices and preconceptions, it also forces you to ignore the other party's attitudes and paradigms. You must learn to look past their anger, whining and complaining, and focus on issues instead of personalities.

### **Key Trait # 5**

#### **You Must Be Flexible**

Good preparation requires that you make assumptions about how others will act in the negotiation process. You must predict how their position differs from their needs and what tactics and options they may use to pursue settlement. But those assumptions should be fine tuned once the process has begun. Try to remember:

- You may not have all the facts before you begin.
- They may want a quicker solution than you thought.
- The issue may not be as important to them as it is to you.
- You may be negotiating with a different person than you expected.

### **Key Trait # 6**

#### **You Must Have High Expectations**

Many people are plagued by continually low expectations. They do not perform because they *think* they can't perform. They do not ask because they *think* they will not receive. One pre-requisite of negotiating is that you cannot be afraid to ask for concessions to meet your needs, and one pre-requisite of asking with confidence is that you believe that you will get it.

Don't be afraid of offending the other side with a well thought out request. It could be possible that the other side does not think your expectations are as unreasonable as you think they are.

Ask yourself these questions about the concessions you are requesting:

- Am I looking for something that is perfectly reasonable?
- What will it hurt if I ask?
- Do I (or those I represent) deserve what I am asking for?
- Will my basic needs be met if I do not ask?
- Will the other side's basic needs not be met if I ask?

The guiding principle in seeking concessions is that if the worst that can happen is that they will say "no", then it is worth the time and trouble to ask.

### **Key Trait # 7**

You Must Have Patience

Even though the 90's culture wants everything now, an effective negotiator is willing to wait for the right deal. The other party may be stubborn about their position now, but given time they may re-think their tough stance. And if they try to pressure you to act unwisely by insisting the offer is "good today only", tell them to take their deal elsewhere.

Being patient in a negotiation process always gives you the upper hand. It affords you the opportunity to analyze every part of a deal to make sure that the outcome satisfies your basic needs.

### **Key Trait # 8**

You Must Think of the Maximum Benefit

The truly effective negotiator looks at nearly everything as being negotiable. This may seem like a mindset that constantly invites or demands compromise from others. But negotiation should always look for the widest area of benefit for the greatest number of people. The larger that area, the more successful the process. The sharp negotiator never takes things at face value. They assume that in most cases each side is coming from a position, and that in order to reach maximum benefit for the maximum people the validity of that position must be challenged.

These eight traits are crucial for the person who wants to be an effective and astute negotiator. You may already possess some or all of them, or you may say to yourself: "I



could never master the qualities of a effective negotiator". In that case, you have already given up the fight. Remember Trait # 6, "You Must Have High Expectations."

The fact is that even those traits that do not come naturally to you can be learned. The learning process begins with an honest evaluation of yourself, and then a willingness to improve.

### **3. Preparing For Successful Negotiations**

We have seen that negotiations take place in many different settings of everyday life. We have also established the idea that everyone can become an effective negotiator if they can develop the proper mindset. But dynamic negotiating does not just “happen”. In order to ensure success, the effective negotiator must do some important groundwork before face-to-face discussions ever begin. In this chapter we will explore some helpful tips on ways that you can prepare for a successful negotiation which will assure that you will not be taken advantage of, and that will satisfy your basic needs.

#### **1. Understand What You Must Gain From the Negotiation**

An alarming number of people go into a negotiating situation without the remotest clue of what they really need from the process. The first step to being prepared is to have a definite idea of what your position should be, what would satisfy your basic needs, and what your bottom line is, or the point beyond which there are no concessions.

The first step is to write down your expectations in three different areas: Your maximum position, your goals, and your minimum position (or bottom line). Let's see exactly how these three differ.

##### **Your Maximum Position**

This is the best that you could realistically gain from the process. You are dreaming a little bit, but who knows, the other side may not think the demand is all that much, and you may just end up getting it.

In our example back in chapter one, Charlie realizes that his house is probably only going to fetch \$130,000, but it doesn't hurt for him to ask for \$150,000. After all, a wealthy buyer in a hurry to complete a deal might give him \$150,000. If that happens, Charlie wins. But he will not be devastated if it doesn't.

Your maximum position can serve as a *feeler* for where the other party is as the negotiating process begins. Even if they reject it, you can gauge from their body language, wording, or expression if you are in the ballpark or if you have correctly pre-determined their basic needs.

But the maximum position must at least be somewhat realistic in order to use it as a functioning guide in the process. A proposal that is completely off the wall will not only fail to accurately measure the response, it may make the other side angry.

##### **Goal For Satisfaction**

Your goal establishes what it is that you are really looking for. This is the point that will satisfy your needs (and hopefully the other party's). It may not be what we would ultimately like to have, but we will be happy with it.

Charlie understands that \$150,000 would be nice, but in order to pay off his mortgage and get into the home and neighborhood that he desires, he needs \$130,000. That price satisfies his basic needs, and fulfills his goal in the process. He and his wife have discussed this, and they agree on the goal.

It is crucial to understand exactly what your goal is, so that you do not unwittingly accept less. Write it down, discuss it with others who are affected by the negotiation, fine tune it based on the input. Be very clear in your mind on what your goal is. Anything less will not bring satisfaction.

This is especially important if you are part of a negotiating team. All members of the team must be clear on the goal, or someone may offer to give away the farm without realizing it.

### **Minimum Position**

This is the bottom line beyond which you will absolutely not go. It does not satisfy all of your basic needs, but it still may be better than the entire process breaking down. Again, every one associated with the negotiation must understand that there can be no more concessions or giveaways beyond this point, even if it means walking out.

You must realize, of course, that sometimes the other party's maximum position will meet or fall below your minimum position. If this happens at the beginning, don't walk out, just smile and tell them to get real.

## **2. Research Useful Information**

Before face-to-face negotiations begin you should be well aware of any facts about the other party which could help your position. Begin by researching the same questions regarding them that you did about yourself.

- What are their needs vs. their position?
- What concessions might they give, and at what point?
- What is their bottom line?
- Do they have any options or deadlines?

You can retrieve this information from several different sources:

- someone who has done business with them before
- a company insider or relative
- published reports about the other side.

Always research useful information regarding industry standards that can shed light on either side's needs or position. Study objective criteria, such as government reports and studies, or accepted independent industry standards, such as the "blue book" price for used cars, as an objective starting point. There may be accepted industry wide standards, such as in the real estate business, which govern how to approach a matter.

Also, research how similar negotiations have gone in the past. Someone may have already done the prep work for you. You can rarely go wrong by following a proven technique or formula.

### **3. Decide Whether to Negotiate Alone or With a Team**

In some cases this is a mere matter of preference, in others it could change the way in which the entire negotiation process proceeds. There are advantages and disadvantages to both, depending on the nature of the issues involved in a specific situation.

With groups there is less chance for pressure on any one person, and you can bring in experts to deal with individual matters of discussion. Teams allow the opportunity for consensus and less chance for individual blind spots. And a team is often perceived by the other party to be more powerful than an individual.

Individuals, on the other hand, are not hampered by disagreement among members. They call the shots. An individual can also claim that they do not have the authority to make certain decisions, with the hope the matter will be dropped or delayed. The individual can also make decisions more quickly and easily than the group. If time is a factor, an individual can get the job done, while groups sit and debate.

Since different preparation is needed for group and individual negotiation, this decision should be made fairly early in the research process.

### **4. Decide on the Proper Place**

The location of the talks can sometimes make a difference. On home turf you can arrange rooms, chairs, and dining arrangements to your advantage. You also have the expert help that you need readily available. On the other hand, if the discussions are held in their territory, they cannot claim that luxury of limited authority since their key decision makers are in the building (if not involved in the process). A neutral setting has the advantage of few interruptions or distractions for either side, and no pressure other than the issues at hand.

### **5. Rehearse Before the Real Thing**

It never hurts to practice before you enter into actual negotiation discussions. This is particularly helpful when a team approach is used. Members of the team can act the parts of the other party.

Rehearsing probably helps most in allowing you to fine tune your own positions and strategies. Those assuming the roles of the other party may be able to spot weaknesses from a different perspective. Rehearsing also helps your side to better understand the other party's possible positions and strategies, and anticipate how they may respond to your suggestions and demands.

Let's review the five ways that you can prepare for a successful negotiation:

1. Understand What You Must Gain From The Negotiation
2. Research Useful Information
3. Decide Whether To Negotiate Alone or With a Group
4. Decide on the Proper Place
5. Rehearse Before the Real Thing

These tips should arm you with the edge to succeed in the negotiation process. Assuming that the other side has done everything necessary to give them that same edge, you will at least be on equal footing. If they have not, you will have a distinct advantage.

## **4. Cooperative Negotiations: Everyone Wins!**

People often think of negotiations from a negative perspective. They picture intensive struggles, such as those commonly encountered in tough labor negotiations, where the process drags on and on in an atmosphere of bitterness and anger. And as we will see in the next chapter, those situations certainly do occur. But negotiations can also be very stimulating, edifying and satisfying experiences, where the parties actually walk away better off than when they entered. The key is a commitment on both sides to maintain the kind of open communication that leads to mutual satisfaction of needs.

In order to create an atmosphere of cooperation and problem solving where everyone wins within the negotiation process, the two parties have to agree to work on three vital goals:

- They need to change their attitude and behavior from negative to positive.
- They must concentrate on developing a relationship of trust.
- They have to think in terms of mutual satisfaction

Of course, these objectives can only materialize if the communication and desire is there among both parties to make everyone a winner. With that in mind, let's take a closer look at these three important goals.

### **Goal # 1: Change Attitudes From Negative To Positive**

#### **By Staying Calm and Reasonable**

How would you react if your opposite number in a negotiation demanded the world and offered nothing in return? Would you act indignant or hurt? These things happen everyday in the world of negotiation and quickly turn mild mannered discussions into adversarial situations.

The key in counteracting those potentially harmful situations is to stay calm and try to understand what the other side's motivation is in being so unreasonable. Perhaps they figure you can only say no, or maybe they completely misunderstand your position. Or it could be that they just want to rattle you. Don't let them.

Sounds simple, doesn't it? Yet few grasp the principle that in the midst of a ridiculous offer or demand, you have the power to simply and calmly redirect the focus on the reasonable satisfaction of basic needs. You can smile and say: "This just won't work, let's try it again". If the foolishness remains, then you know that you have an adversarial negotiation on your hands (see the next chapter). But chances are the other party will rethink and begin to work toward a mutually beneficial resolution. Why? Because they have suddenly become reasonable? No, because you never stopped.

#### **By Instilling Cooperation**

There are several ways that you can work toward creating an atmosphere of cooperation.

- Don't behave like an adversary. Don't overreact and don't take everything personally
- Treat the other party with respect. Don't use sensationalistic and oversimplified language.
- Don't insist on winning. The attitude that I must to have it all is great when you are playing Monopoly, but no so great in the negotiation process.
- Don't immediately think the worst. Let the other party talk from their perspective and finish completely before judging. You may like what they say in the long run.

### **By Honest and Open Communication**

This is the biggest contributor to a cooperative environment in the negotiating process. If the parties fail to create an open dialog the talks could become adversarial as they reach crucial issues. Everyone involved needs to be continually asking these questions:

- Have we made our positions on key issues absolutely clear?
- What are the issues that we agree on without difficulty?
- What issues are we close to agreement on?
- What issues do we disagree on?
- What are some ways that we can gain a better understanding of the other party's point of view?

### **Goal # 2: Develop a Relationship of Trust**

#### **By Listening to the Other Side**

We talked earlier about the importance of listening. People feel gratified when they have something important to say and they know that at least one person is really listening. Be that person and you will gain a friend and ally. Make them feel doubly good by asking them questions and giving other feedback. Listening builds irresistible bonds that can outlast disagreement and work toward solutions that either party felt were unattainable.

These psychological benefits are in addition to the natural benefits of good listening, such as clear understanding and correct perceptions, which also lead to a high trust value.

#### **By Handling Disagreements Properly**

Knowing how to handle disagreements is the heart and soul of learning negotiation. If there were no disagreement there would be no need for negotiation. And yet many negotiations break down over disagreements over the order of the agenda, where a meeting will take place, what time it will take place, and the configuration of the table.

Handling disagreements properly does not have to mean that you give in on every point. It does mean being in control, staying focused on the issues, and trying to change points of disagreement into vehicles of agreement. How can that happen?

Here are some things you can do to allow disagreement to create agreement:

- State and restate what both parties see as a fair end settlement to the problem. This shows that you are in agreement to settle, just not necessarily on how to get there.
- Don't argue, empathize. Tell the other party that, though you disagree, you understand where they are coming from.
- Suggest ways that your position can complement theirs for a fair agreement.
- List those points of disagreement that can be overcome with little difficulty. Progress in small areas breeds progress in bigger areas.

### **By Showing A Willingness To Work With Them**

Sometimes pride can block the negotiation process. We don't want to give in on anything because we sense that as a loss. But no one gets everything they want from a negotiation, and to be stubborn on issues that matter little to us but mean a great deal to the other party may endanger our talks. By conceding issues that cost us very little we show the other side that we want to work with them, and fosters trust that we can bank and then draw on later when there is an issue that means more to us.

### **Goal # 3: Think In Terms of Mutual Satisfaction**

#### **By Solving Problems Through Collaboration**

Whether a particular negotiation process involves two individuals or two teams, there is usually enough combined talent and insight among everyone to reach a mutually beneficial solution. Even the longest disputes usually have as many options available at the beginning of the process as they do at the end, when a settlement is finally reached. The key is how willing are those participants to get their heads together to find a settlement that is mutually beneficial. Collaboration allows the best ideas to come together, no matter who suggests them. Let's look at some ways to get those ideas to surface.

**Focus On the Problem** - Both sides get off their positions and work toward a solution that is mutually beneficial.

**Brainstorm for All Available Options** - Get everyone's input on how the problem can be solved. Scratch off the ideas that are not mutually beneficial.

**Do Research on Similar Stalemates** - Research other negotiations that have settled similar problems. The answer may already be there and you don't even know it.

**Seek An Objective Opinion** - Get an opinion from someone who is completely removed from the process. An objective expert opinion is even better. Make it someone both sides respect.



On occasion you may enter into a negotiation process where everything falls into place beautifully and mutually benefit solutions flow like water from a spring. Be thankful for such situations because they are a rarity. More frequently cooperation must be built and nurtured for both parties to walk away with their needs satisfied.

If the other party tends toward being unreasonable, you might have to be the one that keeps the process focused on the issues until the other side sees the light. The goals in this chapter can be very useful in helping you bring sanity to the process.

**By way of review:**

In order to create an atmosphere of cooperation and problem solving where everyone wins within the negotiation process, the two parties have to agree to work on these three goals:

- They need to change their attitude and behavior from negative to positive.
- They must concentrate on developing a relationship of trust.
- They have to think in terms of mutual satisfaction. You will find that sometimes, however hard you try, a negotiation will turn into an adversarial encounter. The next chapter will offer some suggestions on dealing with these situations.

## 5. Handling an Adversarial Negotiation

No matter how hard you try to be cooperative and congenial, sometimes the tone of a particular negotiation process will become adversarial. But even if things turn ugly, there are some steps you can take to make sure that your basic needs are met and you are not taken advantage of.

It is important for your own reputation and peace of mind that you continue to be reasonable and calm throughout the process. By following the strategies in this chapter you can accomplish that, satisfy your needs, and perhaps even win over an enemy.

### Strategy # 1: Maintain Your Dignity

How you behave in a negotiation is often more important than your demands or concessions. If the other side becomes nasty or uncooperative, counteract their behavior with politeness and a firm, quiet resolve. That sends the message that their antics are not going to fluster or anger you.

Remember, the best thing that can happen is for them to calm down and pursue cooperation. Your response to their adversarial behavior may eventually win them over. Even if it does not, a clear mind always operates smarter than an angry one.

One way to calm down an uncooperative party is try to satisfy them in some small way. You have to be careful here and avoid sending the message that temper tantrums and overreactions will chip away at your position. But here are some small things you can do to bring them some satisfaction:

- Praise them. It may take a lot of looking, but you can usually find something to complement everyone on.
- Give a minor concession. This may be something that is important to them and was not even on your list of concerns.
- Explain your position fully. Their reaction might truly represent a misunderstanding of where you are coming from.
- Give them an ultimatum. This may seem like a strange strategy to satisfy, but many times a party will try any tactic to get a concession. If you calmly give them a “take it or leave it” response, they may become satisfied that they have gotten all there is to get.

Above all, assure them, even in their anger, that you are interested in seeing their basic needs met. Even most unreasonable people appreciate that.

### Strategy # 2: Bring Them Down To Earth

Remember that one kid in your neighborhood that owned all of the bats and balls, and if you did not play according to his rules, he threatened to take all of his stuff home. Sometimes adversarial parties can be just like that. They feel that even their most

unreasonable demands will be met if they threaten to walk out or stall the process. If and when that happens, you must send the message calmly and assuredly that you don't need their ball and bat and the game will go on very nicely without them.

### **Strategy # 3: Know When and How To Make Concessions**

Knowing how and when to make concessions is one of the most crucial elements of the negotiating process. You can offer the other side the sun, moon and stars, but if you do not do it properly, they may never be satisfied. Giving concessions is more a psychological event than a material one. Here are some things to remember:

- You should always open the negotiation with your maximum position (see chapter 2). Giving concession in your opening offer will only heighten the other side's expectations down the road.
- Only offer small concessions. Big concessions are for demanding, not giving. Do not be afraid to slowly give in on minor points, but be aware that conceding too much is a sign of weakness.
- Let them make the first move. When two sides are involved, someone has to move off of their position first. Let it be them.
- Do not accept their first offer. This is a cardinal rule in negotiation, whether it is cooperative or adversarial. Make them work for concessions. If you give in too easily, they will always suspect they could have gotten more.

Here are a few more hints on concessions. It is not dishonest to go into negotiations with ghost demands. These are demands that you make that you really don't care about at all. If you give them as concessions later on, the other side thinks they are getting something, when in fact you have given nothing.

Also, never give something without getting a concession in return. This is part of making them work for concessions. Be careful, however, that you are not getting too many ghost concessions yourself. Remember that the game is played on both sides.

### **Strategy # 4: Play Your Cards Close To the Vest**

This is not necessary in a cooperative negotiation. But when the other side is being adversarial, you must learn not to reveal too much information. If, for example, they know that you are operating under a time pressure, they will be much less likely to give any meaningful concessions. Why should they?

It is also important not to reveal important or confidential data in an adversarial situation. After all, if the other party is being uncooperative now, why should they hold valuable information in confidence once the process is over?

### **Strategy # 5: Always Be Willing To Walk Out**

There is a major difference between threatening to walk out of a negotiation because you are stubborn and can't get your way, and calmly and firmly stating that you are not

willing to give into unreasonable demands. And objective onlookers can almost always tell the difference. Obviously, this should not be an option that you choose frivolously. But there are times when it may be the best thing that you can do, not only for your side, but for the other party as well.

Here are things that a wisely timed, early exit can accomplish:

- It shows your commitment to your basic needs. Your purpose for entering discussions in the first place was to have them satisfied. This reaffirms that purpose.
- It forces the other party into reality. They may honestly have unrealistic expectation of you, and this is a short and sweet lesson that they need to rethink. If necessary they may have to go back to the powers that be to obtain a new position.
- It may cause them to respect you more, and that respect will likely carry through the rest of the process.

If the strategies offered in this chapter do not work, it could be that there is simply no basis for negotiation in the matter. Remember our definition of negotiation back in Chapter 1: it is the process of two parties overcoming contrasting positions in order to reach agreement.

It could be that the other party simply does not want to overcome the obstacles enough to even continue the process. In such a case, it may be better for both sides to pursue other avenues to find satisfaction for their basic needs.

## **6. Dealing With Common Negotiating Tactics and Styles**

Negotiators may often try several tactics to gain the upper hand in the process. In order to guard your own interests and needs, you will have to learn to be ready for anything that the other party throws at you, from temper tantrums to reneging on a proposal. And while you may not have to deal with any one of these every time, you will probably see a few of these tactics even in the most cooperative environments.

### **1. They Give You An Ultimatum**

This is probably the most common negotiating ploy. As you have learned, there are legitimate cases for extending an ultimatum. But if at the very start, the other party says “this is my final offer, take it or leave it”, you can figure that they are trying to whittle away at your needs.

The best way to handle the premature ultimatum is to simply call their bluff. If you are willing to walk away from a ridiculous demand, they will most likely get real. Or you may simply choose to ignore the ultimatum and move on to another issue.

### **2. They Try To Lower Your Expectations**

Say you are selling a used car; the first thing the buyer does is point out the dents and scrapes. They naturally want to lower your expectations in getting your asking price. It is common in negotiation for the other party to try to point out weaknesses in your position.

The best way to counteract this is simply to be aware that it is going to happen. If your maximum position and goal are legitimate, there will be a natural “play” in your demands to accommodate the other party. But do not let them whittle down your basic need.

### **3. They Get Emotional On You**

This is one of the most difficult tactics to discern. Are they really angry? Are they really under intense pressure? Or are they merely acting? You will have to employ sound judgment to figure it out. But the answer usually lies in sticking to the issues. You can empathize with them very cheaply as long as you don't give anything away.

Assuming that their emotional outburst is real, let them vent anger, frustration and other emotions, then calmly ask them what they are asking you to do. Then let your goals and basic needs be your guide.

### **4. They Try To Renege On The Deal**

Have you ever worked out a firm deal with a car salesman, only to have him come back and claim that management would not okay it? This common negotiation tactic assumes that once a person has tasted a deal he will not walk away if it is adjusted a little bit. The psychology usually works.

But you need to stand firm. They can probably afford the first settlement and are just trying to rob your basic needs to feed their position. You will like yourself a whole lot more in the morning if you practice a little stubbornness.

### **5. They Try the Big Squeeze**

This is the opposite of the reneging ploy. They tell you that they can get a better deal than you are offering somewhere else. But remember, they are sitting at the table negotiating with you for a reason. That reason is probably because they like what *you* have to offer.

At this point you need to refocus the discussion on the benefits of doing business with you. Remind them of why a settlement would be mutually beneficial. Most important of all, don't give any concessions just because they say they can find a better deal.

### **6. They Stage a Surprise Attack**

Just when you thought you were close to a satisfactory deal the other side introduces a new report, adds a new member to their team, or changes the deal in some other substantial way. What do you do?

First, do not panic. Inform them calmly that you need more time to consider the new factors. When you give a time frame for consideration, make it the high end of a reasonable estimate. If you think you need 4-6 weeks, tell them 6 weeks. This may persuade them to drop the new tactic as rapidly as they introduced it.

### **7. They Try To Delay the Settlement**

If a baseball team is losing in the fourth inning of a game that is threatened by heavy rain, they will try delay tactics, hoping it is called before it becomes official. Sometimes in a negotiation, if the opposition knows you are under a deadline they may try to delay the proceedings hoping for some concession.

That's why it is always better to operate without deadlines. But if you are stuck, again, let your basic needs be your guide. You can make some concessions if time is crucial, but stick to your basic needs or you will not be satisfied.

### **8. They Begin To Force Their Assumptions On You**

Many times a shrewd negotiator will try to talk you into closing a deal before you have even agreed to the terms. This is happening in more and more telemarketing calls where they just have to verify the information they have".

You must be assertive in these situations and reaffirm with them that when you have agreed to a deal you will let them know. And at the risk of sounding repetitive, never let yourself be talked into a deal that does not meet your basic needs.

## Dealing With Common Negotiating Styles

It is helpful to understand that different negotiators use different styles in the process, so that you can anticipate how to deal with them. Here are a few examples:

- Nice guys: They may be genuinely good people, but be careful. Under the smiles and politeness they still have a position which they are trying to protect.
- Tough guys: They may try several different tactics, such as criticism, ridicule, and threats to intimidate you. Just remember you have something they want, and only give it to them on your terms.
- Detail guys: They drive you nuts by continually going over the details of the deal. Be patient and strong, in the end their nitpickiness may work to your advantage.
- Lack of detail guys: They avoid details, focusing instead on vague concepts and generalities. Stay focused and insist on discussing items that are vital to your needs.
- Smooth talkers: They are all style and no substance. They try to win you over with jokes and catch phrases. Stick to your position and needs and make sure you have your wallet when you leave the room.

While you should not enter into a negotiation with paranoia, it is helpful to understand that the other side may not always be coming at you with straight talk and pure intentions. It is completely natural for a negotiating party to try to obtain as much of their maximum position as possible. The only trouble is their maximum position usually chips away at your basic needs. So be confident and trusting, but remember that no one can watch out for your own interests quite the way you can.

## **7. Making the Process Work For You**

### **Negotiation's Weaker Brother**

We have said that people use negotiation every day of their lives, frequently without even thinking about it. Whenever two people have conflicting positions (opinions) about an issue, there is usually some kind of negotiation going on. Sometimes that negotiation takes the form of an argument. Husband and wife argue over whether to use their extra money to buy a sofa or a TV. Parents and teens argue over the curfew time on a Friday night. Brothers and sisters argue over whose turn it is to dry the dishes. Each one of these arguments is actually a mini negotiation.

### **Arguing Solves Very Little**

The trouble with arguing is that it very rarely achieves the sort of satisfaction for both parties that other types of negotiation can bring. If people would spend as much energy on discussing options available to overcome conflicting positions as they do on arguing, there would be much more peace in each of our relationships. Of course this would mean giving up a lot of selfishness, one-upmanship, and pride. Instead of looking at situations as "winning" or "losing", we would have think in terms of mutual satisfaction. But just consider the benefits to those relationships.

Take the husband and wife arguing over use of their extra money. Instead of looking at their situation as who gets to have what, they could pursue a cooperative negotiation. First, they could discuss just exactly how much extra money they have, and what they anticipate having over the next three months. They could work out a plan that would allow them to save the money needed to buy both items. Imagine how much fun they could have going out on a Friday night to purchase both a washing machine and a new TV, with their relationship still safely intact.

### **Is Silence Golden?**

Many people would rather spit a cricket than cause a dispute over anything. Consequently, they respond to conflicting positions by simply remaining quiet and suppressing their feelings. While it's true that it is sometimes easier not to waste the time on negotiation on minor circumstances, it is not healthy to habitually bury your ideas and opinions. At some point those around you will stop considering your basic needs altogether.

Knowing the basic rules of proper negotiation, you now understand that overcoming obstacles through give and take dialogue is not only common, it is healthy and mutually beneficial.

### **Getting Others To "Think" Negotiation**

Though we have learned that negotiation takes place all around us everyday, that does not mean that people think in terms of mutually beneficial solutions. In fact, many would argue that our society gears people toward satisfying their own needs at the expense of others. That is why it is so difficult, and so important, for you to guard your own basic



needs. The old saying “if you don’t watch out for yourself nobody else will” is probably true.

There are some things you can do, however, to guide people around you into “thinking” negotiation.

1. Convince them that there is point of mutual satisfaction in the matter you are discussing, all you have to do is find it. Sometimes people can become so passionate about having their own desires satisfied that they get overprotective and lose sight of the “win-win” possibilities.
2. Help them to see that agreement does not have to be reached immediately unless the matter is truly urgent. Usually time opens up doors of understanding on both sides.
3. Share successful negotiation experiences you have had in the past to demonstrate that the process really does work.
4. Point out small areas that you can agree on quickly to get them interested in the negotiation process.
5. Be patient. It is not always easy to believe that another person is interested in your basic needs. It may take time to build their trust.
6. Truly gain their trust and confidence by living up to your end of the agreement.

As people see your negotiating skills meeting their needs as well as your own, they will begin to consider just how powerful a tool negotiation really is.

### **Certain Items Should Be Non-negotiable**

There’s a common catch-phrase in business today that says “everything is negotiable”. While this philosophy correctly points out the need to stay in a negotiating frame of mind, there should be certain principles, convictions and beliefs that do not bend, even to meet one’s own perceived needs. Some examples include:

- religious convictions and beliefs;
- ethical considerations that are generally accepted, or germane to the particular field you are involved in;
- legal considerations;
- anything that destroys your personal dignity or the dignity of others.

Be strong and committed to those principles, even if it means losing a deal. You will at least walk away with your self respect.

At the same time, never push the other party into violating one of their own convictions. You will not only destroy your relationship with that party, but you will also earn a

reputation that will be hard to erase. Part of your pre-negotiation preparation should include an investigation into any cultural, religious or business values which the other party holds dear. This will help alleviate even the unintentional request or demand that might offend them.

### **Agree To Disagree**

There may be times when, for whatever reason, agreement simply cannot be reached. In these situations it is extremely important, so far as it lies with you, to walk away friends. You never know when you may get together with that person again over the same or even a different issue.

Remember that burning bridges always reduces your future options. Ending on a positive note, even when agreement has not been reached, allows both parties to leave the process feeling as if they had done everything possible to make it a success.

Of course, you ultimately only have responsibility for your own actions and reactions. While you may try your best to finish an unsuccessful negotiation with dignity and style, you cannot force another person to withdraw on good terms. If the other party walks away angry or bitter, try to put the best face on and leave knowing that you have done everything you can to part amicably. And be sure to have nothing but good things to say about the other party after an unsuccessful outcome. It will reveal more about your character than it does about theirs.

Successful negotiations build strong relationships that last a long time. As your skill as a negotiator grows, the number of people that trust you as a friend and business person will grow as well. This is a dynamic that will allow you to secure a large network of resources to draw upon in the future. You will earn a reputation of being someone who successfully meets his own needs without selfishly infringing on the needs of others. That is a reputation that relatively few have in today's social and business environment.

We hope that you have learned a great deal about the powerful process of negotiation. It is a tool that you can use effectively in areas of your life that go far beyond the conference room. We have tried to share some things that will help you and some things that you should definitely avoid. One thing to remember is that a savvy negotiator guides both parties to a mutually beneficial resolution. In that way, he or she is not being at all manipulative, but a light that points to satisfaction for all concerned.